

# REBUILDING COMMUNITIES TAX CREDIT PROGRAM

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

## PURPOSE

Economically stimulate business activity in Missouri's "Rebuilding Areas."

## AUTHORIZATION

Sections 135.530 to 135.545, RSMo. (HB 1656, 1998)

## HOW THE PROGRAM WORKS

### *New or Relocating Businesses*

Eligible businesses may choose one of the 40% Tax Credits, plus obtain the 1.5% Employee Tax Credit.

- ?? **40% Income Credit:** State income tax credit to the taxpayer for three years based on 40% of their income taxes due.
- ?? **40% Specialized Equipment Credit:** State income tax credit of 40% based on the amount of funds expended for computer equipment and its maintenance, medical laboratories and equipment, research laboratory equipment, manufacturing equipment, fiber optic equipment, high speed telecommunications, wiring or software development expense.
- ?? **1.5% Individual Credit:** Qualified employees of a new or relocating business may receive a tax credit against state individual income tax, equal to 1.5% of their gross salary paid at such facility. This credit can be earned for each of three years that the facility receives one of the 40% tax credits.

### *Existing Businesses*

Eligible business already located in a distressed area, which expend funds for specialized equipment, exceeding their average of the prior two years for such equipment, shall be eligible to receive a 25% tax credit against state income taxes owed.

### *"Enhanced" Existing Business*

Any existing business that doubles the number of existing employees (based on FTE equivalent) at the facility, measured from the submittal date of

the Pre-Application, can apply for the 40% tax credits and the 1.5% Employee tax credit as a "New or Relocating" business.

## ELIGIBLE AREAS

Based on demographic requirements, 214 entire cities qualify, along with some census block groups. Call 1-877-618-5857 or 573-751-0717 to determine eligibility for specific areas.

## ELIGIBLE APPLICANTS

- ?? An existing business; a new business; or a relocating business (moving from outside an eligible area into a eligible distressed area).
- ?? Have more than 75% of its employees at the facility in the distressed community, prior to the issuance of tax credits.
- ?? Have fewer than 100 employees total for all facilities at the time a Pre-Application is submitted.
- ?? Manufacturing, biomedical, medical devices, scientific research, animal research, computer software design or development, computer programming, telecommunications or a professional firm (certain types only) are eligible.

## ELIGIBLE USE OF TAX CREDITS

- ?? The two 40% tax credits and the 25% credit may be used for taxes owed the previous three years, in any of the five tax years thereafter, or may be transferred, sold or assigned
- ?? The 1.5% tax credit may be sold or transferred. This credit may not be carried forward or go back to previous years.
- ?? The tax credits may offset state income taxes owed in chapters 143, 147 and 148, RSMo.

## APPLICATION PROCEDURE/APPROVAL METHOD

- ?? Eligible businesses must submit a Pre-Application to DED **prior** to both (a) the commencement of operations for new or relocating businesses, and (b) incurring costs for the purchase of specialized equipment, if applicable.
- ?? Existing businesses must submit a Pre-Application no earlier than January 1 in each tax year that they intend to request tax credits for the purchase of new specialized equipment.
- ?? Tax credits shall be reserved for applicants meeting the requirements of the program in the order that Pre-applications are received. The credits are awarded for only one project of each eligible business facility.
- ?? Tax credits will be issued upon the submission of the Application by the appropriate deadline. March 1 for the 1.5% Employee Tax Credit; November 30 for the 40% and 25% Specialized Equipment Credit and prior to 30 days after the filing of the business's income tax, for the 40% Income Credit.

The applications and guidelines are available at the Missouri Finance Network web site:

[www.ecodev.state.mo.us/rebuildcomm](http://www.ecodev.state.mo.us/rebuildcomm).

## FUNDING LIMITS

- ?? The total tax credits for the two 40% credits, the 1.5% credit and the 25% tax credit is \$10 million for each calendar year for all businesses.
- ?? **Income Credit:** the maximum amount of credits per taxpayer is \$125,000/year for each of the three years for which the credit is claimed.
- ?? **Specialized Equipment Credit:** The maximum amount of credits receivable is \$75,000/year per business for the year of commencement of operations plus the next 3 years.
- ?? **25% Tax Credit:** The maximum amount of credits for existing businesses is \$75,000/year per business. The overall maximum amount of tax credits that can be issued under this tax credit in any one calendar year is \$750,000.

## SPECIAL PROGRAM REQUIREMENTS

No business shall earn Rebuilding Community Tax Credits and Enterprise Zone or Business Facility Tax Credits for the same project for the same tax period. If a project is eligible for more than one, the business may choose only one program.

## CONTACT

MO Department of Economic Development  
Incentives Section  
301 W. High Street, PO Box 118  
Jefferson City, MO 65102  
Phone: 1-877-618-5857 or (573) 751-0717  
Fax: (573) 751-7384

## OTHER SERVICES OF DED

### DED REGIONAL OFFICES

St. Louis (314) 340-6823  
Kansas City (816) 889-2900  
Trenton (660) 359-5960  
Springfield (417) 888-4001  
Moberly (660) 269-8802  
Dexter (573) 624-9950  
Houston (417) 967-5770  
Jefferson City (573) 751-0482

### RELAY MISSOURI SERVICE

Voice user calling a hearing/speech impaired user:  
800-735-2466.

Hearing/Speech impaired user calling a voice user:  
800-735-2966.

### EMPLOYMENT ASSISTANCE

DED's Division of Workforce Development works in collaboration with its one-stop career system partners to offer workforce development assistance to job seekers and employers. By using the State's network of one-stop career centers, customers can access America's Job Bank, seek referral and placement assistance, career counseling and testing, labor market information and use Missouri WORKS!, an Internet based, self-service workforce development tool. To find your nearest WFD location, consult your telephone directory under State Government or visit [www.ecodev.state.mo.us/wfd](http://www.ecodev.state.mo.us/wfd)